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UNCLAS SECTION 01 OF 03 KATHMANDU 000858

SIPDIS

STATE FOR SA/INS AND DS/IP/NEA
STATE ALSO PLEASE PASS USAID/DCHA/OFDA
STATE ALSO PLEASE PASS PEACE CORPS HQ
USAID FOR ANE/AA GORDON WEST AND JIM BEVER
MANILA FOR USAID/DCHA/OFDA
LONDON FOR POL/RIEDEL
TREASURY FOR GENERAL COUNSEL/DAUFHAUSER AND DAS JZARATE
TREASURY ALSO FOR OFAC/RNEWCOMB AND TASK FORCE ON TERRORIST
FINANCING
JUSTICE FOR OFFICE OF THE DEPUTY ATTORNEY GENERAL/DLAUFMAN

E.O. 12958: N/A

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SUBJECT: UPDATE ON NEPAL'S MAOIST INSURGENCY, May 3-9

SUMMARY

1. The second round of peace talks between negotiators for the Government of Nepal (GON) and Maoists is being held on May 9. Envoys from China and the United Kingdom expressed support and assistance for the peace process. Maoist leaders have sharply criticized USG for listing their party on a terrorist watch list. The Royal Nepal Army (RNA) warned the Maoists that they would face severe consequences if they withdraw from the peace talks. The Home Ministry reportedly has taken steps to withdraw cases against Maoist detainees. Maoist insurgents continued to violate the ceasefire by abducting five civilians, severely beating two others, attempting to extort money, and disrupting humanitarian assistance programs. The All Nepal National Independent Students' Union-Revolutionary (ANNISU-R) has threatened action against private schools that do not reduce tuition fees. End summary.

SECOND ROUND OF TALKS SCHEDULED

2. Negotiators representing the GON and the Maoists meet on May 9 for the second round of peace talks. Krishna Bahadur Mahara, Maoist spokesman and team member, said the Maoists do not have a new agenda, but are hopeful that the GON will respond to the demands put forth in the first round of talks. These demands include a round-table conference, Maoist leadership in a new interim government, constituent assembly, withdrawal of cases against Maoist cadres, and demobilization of armed forces. Narayan Singh Pun, Minister of Physical Planning and Works and government negotiator, told reporters on May 6 that details of the GON's agenda would emerge on the day of the talks.

SUPPORT FOR PEACE TALKS

3. Keith Bloomfield, Ambassador of the United Kingdom (UK) to Nepal, said the UK is ready to facilitate peace talks and assist in maintaining security in Nepal. Speaking at a program on May 6, Bloomfield said the UK favored a constitutional monarchy and respect for human rights.

4. Wu Congyong, the Chinese Ambassador to Nepal, also voiced support for the peace talks at a May 8 interaction on China's foreign policy. Congyong said that China would not interfere with Nepal's "internal affairs," and said he was confident in the ability of the Nepali people to solve the current crisis. Congyong said maintaining peace and stability would be beneficial to Nepal's economy and development.

MAOIST LEADERS BLAST U.S. FOR TERRORIST LABEL

5. Maoist leaders have condemned the listing of their party on a terrorist watch list in the annual "Patterns of Global Terrorism" report, released on April 30 by the Secretary of State and the Coordinator for Counter-Terrorism. In a press release issued on May 7 Prachanda, Maoist supreme leader, said the U.S. was trying to disrupt the peace talks and interfering with Nepal's internal affairs. He said the U.S. was attempting to hatch a conspiracy against the talks, and lashed out at the "repeated verbal attacks" on the Maoists by the U.S. Ambassador to Nepal. The Maoist Chairman also accused the U.S. of trying to further its own interests in Nepal in order to extend its influence over all of South Asia.

6. Baburam Bhattarai, chief negotiator of the Maoist negotiating team, also criticized the Maoists' placement on the terrorist watch list. On May 7 Bhattarai reportedly said the action would have serious and far-reaching effects

on Nepal. He surmised that the peace talks were being "hijacked by foreign capitals," and warned that such actions would turn Nepal into a battlefield. In a separate interview on May 8 with a vernacular newspaper, Bhattarai continued his attacks on the U.S., saying America was "a dangerous force and hurdle in the talks." The Maoist ideologue, echoing Prachanda, also accused the U.S. Ambassador to Nepal of making threats against Nepal. Krishna Bahadur Mahara, Maoist spokesman and talk team member, urged the U.S. to revoke the decision.

17. Keith Bloomfield, Ambassador of the United Kingdom (UK) to Nepal, told the local press that his government has not labeled the Maoists as terrorists because their activities do not substantially threaten the UK. (Note: It is interesting to note that Prachanda's brother reportedly is studying at the University of Riding in London).

RNA WARNS MAOISTS -----

18. The Royal Nepal Army (RNA) reportedly warned the Maoists on May 6 that they would pay "a big price" if they withdrew from peace talks. A vernacular publication said the RNA claimed that it is now equipped with better, more modern weapons, and had received additional training. Bhattarai dismissed the boasts and said any weapons the RNA obtained from the U.S. would soon be stolen by the Maoists.

19. Madhav Nepal, General Secretary of the Communist Party of Nepal-United Marxist Leninist (CPN-UML) accused both the GON and the Maoists of storing weapons and preparing for war. Nepal, addressing a CPN-UML convention on May 6, said both sides were trying to amass military strength while his party was cooperating with the peace process. CPN-UML is one of five political parties which launched a "peoples' movement" against the King, and which Nepal claims is aimed at strengthening the peace process.

WITHDRAWAL OF MAOIST CASES POSSIBLE -----

10. A vernacular publication quoted an anonymous source at the Home Ministry as saying that efforts were being made to withdraw cases against Maoist cadres. According to the source, all District Administration Offices (DAO) have been instructed to supply data relating to Maoist detainees. After all of the data is received, the cases will be reviewed for possible withdrawal of charges. Mahara criticized the GON for delaying the release of Maoist cadres, and said he would take the matter up again at Friday's round of peace talks. The official at the Home Ministry cautioned that even if the recommendations are made to withdraw the cases, it is up to the individual courts to follow through.

11. Thirteen Maoist cadres were released this week from jails in the districts of Terhathum, Makwanpur, Taplejung and Lamjung.

MAOIST CRIMES CONTINUE -----

12. Maoist insurgents continued to violate the ceasefire, abducting two Village Development Committee (VDC) members in the districts of Dailekh and Makwanpur. Three journalists, including two women, were also abducted in the far western district of Kalikot on May 7. The journalists, who were on a reporting assignment, managed to escape. Insurgents in the eastern Terai district of Rautahat severely beat two civilians who could not provide monetary donations to the Maoists, and also beat three people, including a Communist Party of Nepal-United Marxist Leninist (CPN-UML) worker, after they protested the destruction of a house by the insurgents. Five civilians who reportedly were abducted from Taplejung District several weeks ago have allegedly been severely bludgeoned by their Maoist captors. Relatives are pleading for their release. Family members of a former VDC Chief abducted a week ago are also appealing to the Maoists for his release, and have sought help from local human rights organizations.

13. Maoists in the mid-western hill district of Dailekh have forced local villagers to abandon traditional festivals and celebrations, including song and dance, and ordered them to mark the February 13 launch date of the "People's War." The insurgents, who control the majority of the district, have forced villagers to observe Maoist festivals and abandon other practices. The Maoists said the new culture eliminates the practice of "untouchability."

14. The Maoist insurgency has forced the Rautes, an indigenous ethnic community in the far-western district of Dadeladhura, to flee to the jungle. The families claim that Maoists tortured them in the day while security forces harassed them at night. They remain in the jungle, doubtful

of the success of the peace talks.

15. Villagers in the mid-western Rolpa District, however, have defied the Maoists in order to attend Government-sponsored health camps. Insurgents in the district had ordered the locals not to attend the camps, and asked the team of medics, consisting of army and police personnel, to leave, accusing them of violating the ceasefire. The insurgents, who have a stronghold on the region, said they wanted the areas to remain "enemy free." Maoist cadres also tried to disrupt similar health camps in Salyan and Dang Districts by limiting water supplies to the medics, and attempting to stop people from seeking treatment.

ANNISU-R THREATENS SCHOOLS

16. The All Nepal National Independent Students' Union-Revolutionary (ANNISU-R), the Maoist affiliated student group, has threatened protests against private schools that do not reduce their tuition rates. Kabi Gautam, Secretary of ANNISU-R, said that the action is being taken at the request of parents, and because the private schools are cheating students and parents. Lhundub Dorji Lama, President of National Private and Boarding Schools Association Nepal (PABSON), warned that the schools would defy the protests, declaring that it was impossible to conduct classes with the constant interference by student organizations.

MALINOWSKI